

Message Text

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ACTION PM-04

INFO OCT-01 ARA-06 ISO-00 CIAE-00 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 MC-02 OMB-01

EB-07 COME-00 TRSE-00 AID-05 IGA-01 ACDA-05 AGR-05

STR-04 /083 W

----- 122813

R 122100Z NOV 75

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 5298

SECDEF WASHDC

INFO CSA WASHDC

CNO WASHDC

CSAF WASHDC

CMC WASHDC

JCS WASHDC

USCINCSO QUARRY HTS CZ

C O N F I D E N T I A L SANTO DOMINGO 5039

E.O. 11652: GDS

TAGS: MASS , DR

SUBJECT: FY 1976 AND 1977 MILITARY SECURITY ASSISTANCE PROGRAMS

REF: STATE 258167

1. FOLLOWING IS INFO REQUESTED IN REFTEL KEYED TO PERTINENT SUBSECTION
N
OF PARA 5.

2. (A) GODR WILL ACCEPT AND CONSUMMATE CREDIT AGREEMENT AT ONE
MILLION DOLLAR LEVEL IF U.S. CONGRESS APPROVES.

(B) MAJOR PRIORITY ITEMS TO BE PROCURED ARE UH 1-H HELICOPTERS,
GOAL OF GODR REP ARMED FORCES IS TO PURCHASE FIVE (5) HELICOPTERS,
COMMENCING WITH PURCHASES WITHIN LIMITATIONS OF CREDIT LEVEL IN PARA
2A ABOVE AND 500K FY75 CREDIT ALREADY ACCEPTED. (CT COMMENT IN (F)
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BELOW.)

(C) PROVISION OF CREDIT DOES SUPPORT A MILITARY REQUIREMENT DERIVED FROM US-APPROVED FORCE GOAL. ADDITIONALLY, CREDIT SHOULD ASSIST IN TRANSITION FROM GRANT AID TO FOREIGN MILITARY SALES WHEN FORMER TERMINATES IN FY78.

(D) THERE MAY BE OTHER MILITARY JUSTIFICATION FOR CREDIT IF GODR IS REQUIRED TO PURCHASE NAVAL VESSELS NOW ON LEASE FROM U.S. GOV'T.

(E) THE CREDIT PROGRAM IS IN ADDITION TO GRANT MATERIEL AND/OR GRANT TRAINING PROGRAM AT THIS TIME, AND WILL BE DIRECTLY RELATED TO GRANT TRAINING IF CONSUMMATED.

(F) AS NOTED IN THE CASP, IT IS IN THE US INTEREST FOR THE COUNTRY TO MAINTAIN STABILITY. FOR THAT REASON, THE US IS SUPPORTING DOMINICAN EFFORTS TO STRENGTHEN ITS COUNTER-INSURGENCY CAPABILITY. THE HELICOPTERS FOR WHICH THE CREDIT IS PROPOSED WILL MEET A CURRENT CRITICAL DEFICIENCY BY PROVIDING NEEDED MOBILITY OF MILITARY FORCES.

(G) CREDIT SALES, AS NOTED HEREIN, AND WHICH MAY BE ANTICIPATED, WILL NOT ADVERSELY AFFECT REGIONAL ARMS BALANCE OR CONTRIBUTE TO AN ARMS RACE.

(H) A COUNTRY WITH A LONG HISTORY OF BALANCE-OF-PAYMENTS DIFFICULTIES ,
THE COMINICAN REPUBLIC IS EXPECTED TO CONTINUE IN THE SHORT TERM TO EXPERIENCE FOREIGN EXCHANGE SHORTAGES. THE HOST COUNTRY'S ARMED FORCES ALSO LACK READY CASH. SUGAR, WHICH GENERATES APPROXIMATELY ONE-HALF OF THE COUNTRY'S FOREIGN EXCHANGE EARNINGS, HAS FALLEN IN PRICE ON THE WORLD MARKET FROM 65 CENTS PER POUND LAST NOVEMBER TO THE
CURRENT 13 CENTS PER POUND AND MAY GO EVEN LOWER. THE WORLD SUGAR MARKET HAS BEEN UNSETTLED BY THE DISAPPEARANCE OF U.S. SUGAR LEGISLATION WHICH IN THE PAST GENERALLY ASSURED THE D.R. A SUGAR PRICE ABOVE WORLD PRICES. DOMESTIC AND INTERNATIONAL INFLATION IN 1974 CONTRIBUTED TO A 59.5 PERCENT DOLLAR INCREASE IN DOMINICAN IMPORTS. THE COUNTRY'S IMPORT COSTS ARE BEING FURTHER AGGRAVATED BY THE LATEST INCREASE IN WORLD PETROLEUM PRICES OF 10 PERCENT. (THE D.R. MUST IMPORT ALL ITS PETROLEUM.) CONSEQUENTLY, THERE IS A NEED AT THIS TIME FOR MILITARY CREDIT ASSISTANCE IN THE D.R.
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(I) PROPOSED CREDIT WILL, OF COURSE, IMPOSE AN ADDITIONAL BURDEN ON HC BUDGETARY AND FOREIGN EXCHANGE RESOURCES, BUT WE DO NOT BELIEVE THIS WILL CONSTITUTE AN EXCESSIVE BURDEN, IN VIEW OF THE COUNTRY'S EXPANDING ECONOMY AND INCREASED INFLOW OF FOREIGN EXCHANGE EXPECTED AS PLANNED TOURISM DEVELOPMENT TAKES PLACE OVER THE NEXT SEVERAL YEARS. HOWEVER, TO MITIGATE THE PRESSURES ON RESOURCES THAT MIGHT OTHERWISE BE APPLIED TO ECONOMIC DEVELOPMENT,

IT WOULD BE DESIRABLE TO EXTEND THE REPAYMENT PERIOD TO THE
EXTEND POSSIBLE.

(J) 1. GODR IS NOT MAKING ANY KNOWN PURCHASES OF MAJOR MILITARY
EQUIPMENT FROM ANY THIRD COUNTRY.

2. GOV'T HAS SHOWN INTEREST IN PURCHASE OF M-16 RIFLES FROM
COLT AND M-60 MACHINE GUNS, AND IS BELIEVED TO BE NEGOTIATING
FOR FIVE (5) OR SIX (6) PATROL BOATS OF UNSOPHISTICATED DESIGN
FROM U.S. COMMERCIAL SOURCES, LAST AT APPROXIMATE COST OF
\$300,000 EA.

3. GODR CURRENTLY INVOLVED IN PURCHASE OF ONE (1) TANKER
AND ONE (1) BUOY TENDER FROM U.S. GOV'T.

4. ANOTHER RELEVANT FACTOR IS THE POSSIBLE REQUIREMENT OF
GODR TO PURCHASE CURRENTLY LEASED VESSELS CONSISTING OF:

(A) ONE ATF (OCEAN TUG)

(B) ONE ATA (COSTAL TUG)

(C) TWO YO'S. (HARBOR TANKER)

(D) ONE HARBOR TUG.

3. CHMAAG CONCURS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY EQUIPMENT, MILITARY ASSISTANCE PROGRAMS, MILITARY CREDIT
Control Number: n/a
Copy: SINGLE
Draft Date: 12 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SANTO05039
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750395-0695
From: SANTO DOMINGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751150/aaaabshh.tel
Line Count: 136
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION PM
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 258167
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 08 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 SEP 2003 by RowellE0>; APPROVED <19 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FY 1976 AND 1977 MILITARY SECURITY ASSISTANCE PROGRAMS
TAGS: MASS, DR
To: STATE DOD
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006